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Volume 6

MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA
February 1962

Number 7

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Federal Order No. 90, 5916 Brainerd Road, Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY FEBRUARY 1962

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The MINIMUM uniform producer price is \$4.61 per cwt. f.o.b. Chattanooga Area pool plants for milk containing 4.0% butterfat. The producer butterfat differential is 7.6 cents for each one-tenth of one percent above or below 4.0 percent.

During February, 75.0% of the total producer milk was priced in Class I at \$5.16 per cwt. with a butterfat differential of 7.9 cents and 25.0% in Class II at \$3.12 per cwt. with a butterfat differential of 7.0 cents. The daily average use of Gross Class I milk increased 1.7% compared with January 1962 and increased 4.0% compared with February 1961.

Daily average delivery of milk from producers was 487,973 pounds in February 1962, an increase of 14,387 pounds per day compared with January 1962 and an increase of 46,464 pounds compared with February 1961. Percentage-wise, February deliveries increased 3.0% compared with January 1962 and increased 10.5% compared with Feb. 1961.

MILK SAMPLES TESTED - Producer Fresh Samples 5,680 - Handler Finished Products 210. A milk sample is taken each time milk is picked up at the farm. During February, an average of 8.3 samples per producer was used to determine butterfat content and pay test. The remainder of the samples were used by various agencies to determine milk solids, water, bacteria, sediment, antibiotics, etc.

NUMBER OF FARM PAYROLL ACCOUNTS

	1961											1962	
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
New	1	2	3	2	1	1	13	2	5	4	-	3	2
Quit	3	3	3	2	4	3	4	1	4	3	1	3	4
Total	680	679	679	679	676	674	683	684	685	686	685	685	683

ANNOUNCED 1962 PRODUCER BASES

The average daily bases that producers established during the months of September 1961 thru January 1962 were announced by the Market Administrator on February 23, 1962. Any producer who established a base but did not receive a base notice should contact the office of the Market Administrator.

PRODUCER ANNOUNCED BASES - FOUR YEARS COMPARISON

Base Range Pounds	1962	1961	1960	1959	Base Range Pounds	1962	1961	1960	1959
	Number of Producers					Number of Producers			
0- 99	0	4	10	22	700- 799	50	53	43	57
100-199	20	22	46	68	800- 899	47	41	39	27
200-299	64	78	104	138	900- 999	35	29	28	28
300-399	94	103	115	118	1000-1499	103	90	60	46
400-499	85	93	85	102	1500-1999	26	19	20	10
500-599	98	86	78	84	Over-2000	10	10	7	8
600-699	52	54	71	50	Total Prod.	684	682	706	758

COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Feb. '62</u>	<u>Jan. '62</u>	<u>Feb. '61</u>
Number of Plants (Pool and Non-Pool)	15	16	19
GROSS RECEIPTS POUNDS (DAILY)			
Producer Milk	487,973	473,586	441,509
% February '62 compared with:	100.0	103.0	110.5
Other Source Milk	8,136	6,427	10,421
Other Order Milk	6,605	6,611	7,373
<u>TOTAL RECEIPTS MILK POUNDS</u>	<u>502,714</u>	<u>486,624</u>	<u>459,303</u>
% February '62 compared with:	100.0	103.3	109.5
GROSS UTILIZATION POUNDS (DAILY)			
Class I Milk:			
Fluid Milk	303,926	298,899	296,852
Fluid Skim	16,320	15,845	12,418
Buttermilk	39,177	37,435	38,337
Chocolate Milk	8,014	7,160	7,428
Cream Mixture ($\frac{1}{2}$ & $\frac{1}{2}$)	1,249	1,206	1,026
Light Cream (X)	306	317	537
Heavy Cream (XX)	604	518	591
Sour Cream	342	331	273
Bulk to Non-Handlers	190	3,268	272
Class I Shrinkage	1,480	1,890	2,460
Inventory Reclassification	(1,052)	(2,436)	(3,825)
Overstated Sales	-	-	-
<u>Total Class I Milk</u>	<u>370,556</u>	<u>364,433</u>	<u>356,369</u>
% February '62 compared with:	100.0	101.7	104.0
Class II Milk: (Used to Produce)			
Butter	12,452	16,973	7,377
Cottage Cheese	15,808	14,425	21,420
Powdered and Condensed Milk	63,148	58,721	41,369
Ice Cream	24,090	15,709	19,724
Inventory Variation	4,935	3,772	4,197
Other	11,725	12,591	8,847
<u>Total Class II Milk</u>	<u>132,158</u>	<u>122,191</u>	<u>102,934</u>
% February '62 compared with:	100.0	108.2	128.4
<u>TOTAL UTILIZATION CL. I AND CL. II MILK LBS.</u>	<u>502,714</u>	<u>486,624</u>	<u>459,303</u>
 % Producer Milk of Gross Class I	 131.7	 130.0	 123.9
% Producer Milk Priced in Class I	75.0	76.0	79.4

MARCH 1962 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Mar. '62</u>	<u>Feb. '62</u>	<u>Mar. '61</u>
Basic Formula (See page 4)	\$3.65	\$3.65	\$3.62
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.22)	(0.24)	(0.08)
Class I Price, 4.0% Butterfat	\$5.18	\$5.16	\$5.29
Per \$ 1090.51 (a)			

Supply-Demand Comparison: 1st and 2nd preceding months: January and February
Supply: Lbs. Producer Milk (Jan. 14,681,175 and Feb. 13,663,254) 28,344,429
Demand: Lbs. Net Class I Milk (Jan. 11,246,057 and Feb. 10,286,533) 21,532,590
Utilization Percentage: Producer milk divided by Class I 132
Standard Utilization Percentage: Range 117-121 121
Net Deviation Percentage: Utilization minus Standard Utilization plus 11
Supply-Demand Adjustment: 2 cents x 11 percentage points minus \$0.22

Since the supply in relation to the demand is more than the desired standard, the price is decreased 22 cents per hundredweight (2 cents x 11 percentage points).

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR FEBRUARY 1962
Based on 15 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		10,375,556	3.491		
Less Other Source		134,671	1.904		
Producer Milk Class I	75.0	10,240,885	3.512050	\$4.774520	\$488,953.10
Gross Class II		3,700,448	6.083		
Less Other Source		278,079	2.237		
Producer Milk Class II	25.0	3,422,369	6.394927	4.796449	164,152.18
TOTAL PROD. (Cl. I + Cl. II)	100.0	13,663,254	4.234152		653,105.28
Less Fractional Adjustment					.07
Add Compensatory Payment Value					218.18
Add Overage Value					-
Add Inventory Reclassification Value					93.59
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					6,372.34
TOTAL VALUE AT TEST		13,663,254	4.234152		659,789.32
Less Test Over 4% @ 7.6¢ per point		13,663,254	.234152	0.177956	24,314.58
TOTAL VALUE AT 4.0%		13,663,254	4.0	4.650977	635,474.74
Less Producer-Settlement Fund Reserve		13,663,254		.040977	5,598.79
UNIFORM PRICE f.o.b. POOL PLANT - 4.0%		13,663,254	4.0	\$4.61	\$629,875.95

FEBRUARY 1962 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.85	3.6	\$4.306	4.2	\$4.762	4.8	\$5.218	5.4	\$5.674
3.05	3.888	3.65	4.344	4.25	4.80	4.85	5.256	5.45	5.712
3.1	3.926	3.7	4.382	4.3	4.838	4.9	5.294	5.5	5.75
3.15	3.964	3.75	4.42	4.35	4.876	4.95	5.332	5.55	5.788
3.2	4.002	3.8	4.458	4.4	4.914	5.0	5.37	5.6	5.826
3.25	4.04	3.85	4.496	4.45	4.952	5.05	5.408	5.65	5.864
3.3	4.078	3.9	4.534	4.5	4.99	5.1	5.446	5.7	5.902
3.35	4.116	3.95	4.572	4.55	5.028	5.15	5.484	5.75	5.94
3.4	4.154	4.0	4.61	4.6	5.066	5.2	5.522	5.8	5.978
3.45	4.192	4.05	4.648	4.65	5.104	5.25	5.56	5.85	6.016
3.5	4.23	4.1	4.686	4.7	5.142	5.3	5.598	5.9	6.054
3.55	4.268	4.15	4.724	4.75	5.18	5.35	5.636	5.95	6.092

FEBRUARY 1962 TOTAL CLASS I UNIT SALES BY 11 POOL AND 4 NON-POOL PLANTS

	GALS.	$\frac{1}{2}$ GALS.	QUARTS	PINTS	$\frac{1}{2}$ PINTS	PRODUCT LBS. $\frac{1}{2}$	%-TOTAL
Standard Milk	-	*	15,157	-	-	32,587	.31
Homo Milk	224,164	1,002,298	341,636	321,236	2,157,796	8,477,354	81.85
Skim Milk	17,353	29,062	83,769	-	*	456,969	4.41
Buttermilk	9,194	153,433	153,712	17,193	17,053	1,096,961	10.59
Flavored Milk	-	*	40,834	82,963	103,768	224,403	2.17
Cream ($\frac{1}{2}$ & $\frac{1}{2}$)	-	-	2,539	27,828	*	34,962	.34
Light Cream (X)	-	-	3,927	-	633	8,579	.08
Heavy Cream (XX)	*	-	1,468	-	26,816	16,905	.16
Sour Cream	218	-	-	*	14,708	9,568	.09
				Total Pounds		10,358,288	100.00

* Distributed by less than three handlers. Added to other units.

$\frac{1}{2}$ Distribution out of the three-county marketing area by the 11 pool plants was 28.4% of the above total packaged product pounds.

CHATTANOOGA ORDER MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Feb. '61	\$4.96	-	-	7.6¢	\$5.43	7.9¢	\$3.21	7.0¢
Mar.	4.73 ^{2/}	\$4.89	\$3.17	7.6	5.29	7.9	3.21	7.0
Apr.	4.56 ^{2/}	4.78	3.15	7.6	5.26	7.9	3.19	7.0
May	4.43 ^{2/}	4.65	3.09	7.6	5.14	7.9	3.13	7.0
June	4.51 ^{2/}	4.69	3.07	7.6	5.16	7.9	3.11	7.0
July	4.58 ^{2/}	4.76	3.06	7.6	5.20	7.9	3.10	7.0
Aug.	4.55	-	-	7.6	5.20	7.9	3.10	7.0
Sept.	4.67	-	-	7.6	5.00	7.9	3.65	7.0
Oct.	4.61	-	-	7.6	5.04	7.9	3.65	7.0
Nov.	4.74	-	-	7.6	5.14	7.9	3.65	7.0
Dec.	4.66	-	-	7.6	5.10	7.9	3.65	7.0
Jan. '62	4.74	-	-	7.6	5.16	7.9	3.65	7.0
Feb.	4.61	-	-	7.6	5.16	7.9	3.12	7.0
Mar.	-	-	-	-	5.18	7.9	-	-

PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS (\$-cwt-4%)				Highest or Basic Formula \$-cwt-4%
	Mid-West Cond.	Chi. 92° Butter	Chi. Area Powders	Wisc. Cheese	Mid-West Cond.	Butter	Butter	4 Tenn. Milk Mfg.	
	\$-cwt-3.5%	¢ Lb.	¢ Lb.	¢ Lb.		Cheese	Powder		
Feb. '61	3.240	60.460	13.180	33.938	3.62	3.30	3.50	3.21	3.62
Mar.	3.228	60.466	13.120	34.700	3.61	3.31	3.50	3.21	3.61
Apr.	3.230	60.466	14.325	34.625	3.61	3.31	3.58	3.19	3.61
May	3.188	60.466	14.615	34.344	3.57	3.31	3.61	3.13	3.61
June	3.122	60.466	14.820	34.250	3.50	3.31	3.61	3.11	3.61
July	3.154	60.466	14.865	34.375	3.53	3.31	3.61	3.10	3.61
Aug.	3.173	60.466	15.120	34.750	3.55	3.31	3.65	3.10	3.65
Sept.	3.182	60.466	15.105	35.025	3.56	3.32	3.65	3.10	3.65
Oct.	3.189	60.466	15.125	35.250	3.57	3.32	3.65	3.14	3.65
Nov.	3.206	60.466	15.070	35.250	3.59	3.32	3.65	3.15	3.65
Dec.	3.194	60.466	15.275	35.250	3.57	3.32	3.65	3.15	3.65
Jan. '62	3.178	60.466	15.260	35.250	3.56	3.32	3.65	3.15	3.65
Feb.	3.139	60.466	15.200	35.250	3.52	3.32	3.65	3.12	3.65

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Month	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
Feb. '61	19	459,303	356,369	350,556	441,509	-	680	649	-	-	4.32
Mar.	19	491,471	358,734	354,390	470,370	425,350	679	693	626	67	4.22
Apr.	19	524,548	344,138	339,543	500,275	433,660	679	737	639	98	4.17
May	19	543,235	335,018	330,864	499,424	430,079	679	736	633	103	4.17
June	17	527,227	326,883	322,856	460,325	409,710	676	681	606	75	4.16
July	16	467,128	320,886	316,645	437,762	391,235	674	649	580	69	4.11
Aug.	16	482,211	331,130	326,695	455,739	-	683	667	-	-	4.10
Sept.	16	510,882	392,792	387,850	490,621	-	684	717	-	-	4.10
Oct.	16	496,512	359,804	355,333	484,049	-	685	707	-	-	4.33
Nov.	16	485,350	367,830	363,038	472,375	-	686	689	-	-	4.39
Dec.	16	494,324	351,891	347,812	476,639	-	685	696	-	-	4.41
Jan. '62	16	486,624	364,433	359,869	473,586	-	685	691	-	-	4.40
Feb.	15	502,714	370,556	365,746	487,973	-	683	714	-	-	4.23

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I;
Excess is Producer minus Base